

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature – Second Regular Session

MINUTES RECEIVED  
CHIEF CLERK'S OFFICE

1-25-16

**COMMITTEE ON BANKING AND FINANCIAL SERVICES**

Report of Regular Meeting  
Tuesday, January 19, 2016  
House Hearing Room 3 -- 2:30 p.m. or Upon Adjournment of Caucus

**Convened** 2:37 p.m.

**Recessed**

**Reconvened**

**Adjourned** 3:14 p.m.

**Members Present**

Mr. Allen J  
Mr. Espinoza  
Mr. Farnsworth  
Mrs. Gabaldón  
Ms. McCune Davis  
Mrs. Norgaard  
Mr. Weninger, Vice-Chairman  
Mrs. Brophy McGee, Chairman

**Members Absent**

**Agenda**

Original Agenda – Attachment 1

**Request to Speak**

Report – Attachment 2

**Presentations**

**Name**

None

**Organization**

**Attachments (Handouts)**

**Committee Action**

**Bill**

**Action**

**Vote**

**Attachments (Summaries,  
Amendments, Attendance)**

HB2152 DP  
Committee Attendance

5-3-0-0

3, 4, 5  
6

  
\_\_\_\_\_  
Sarah Griffith, Chairman Assistant  
January 22, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - Second Regular Session

CONV. 2:37 p.m.  
adj. 3:14 p.m.

REGULAR MEETING AGENDA

**COMMITTEE ON BANKING AND FINANCIAL SERVICES**

DATE Tuesday, January 19, 2016

ROOM HHR 3

TIME 2:30 P.M. or upon  
adjournment of caucus

Members:

Mr. Allen J  
Mr. Espinoza  
Mr. Farnsworth E

Mrs. Gabaldón  
Ms. McCune Davis  
Mrs. Norgaard

Mr. Weninger, Vice-Chairman  
Mrs. Brophy McGee, Chairman

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Introduction of Members and Staff

| Bills          | Short Title                                | Strike Everything Title |
|----------------|--|-------------------------|
| * HB2152       | consumer lenders; referral fees; insurance |                         |
| <u>DP</u>      | (Weninger, Livingston: Cobb, et al)        |                         |
| <u>5-3-0-0</u> |  |                         |

\* If first read and assigned

**ORDER OF BILLS TO BE SET BY THE CHAIRMAN**

SG  
1/14/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

# Information Registered on the Request to Speak System

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## *House Banking and Financial Services (1/19/2016)*

### **HB2152, consumer lenders; referral fees; insurance**

#### **Testified in support:**

kelsey lundy, Lobbyist, SPRINGLEAF GENERAL SERVICES

#### **Testified as opposed:**

Cynthia Zwick, Arizona Community Action Association; ellen katz, William E. Morris Institute For Justice

#### **Oppose:**

Kelly Griffith, SOUTHWEST CENTER FOR ECONOMIC INTEGRITY; Mary Ryan, representing self; Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION; Dana Wolfe Naimark, CHILDREN'S ACTION ALLIANCE; Stephen Jennings, AARP; Shannon Rich, AZ COALITION TO END SEXUAL AND DOMESTIC VIOLENCE

#### **All Comments:**

Kelly Griffith, SOUTHWEST CENTER FOR ECONOMIC INTEGRITY: SCEI strongly opposes the continued erosion of AZ consumer lending statute. Lenders should be prohibited from selling any form of credit insurance which just increases their profits without adding equivalent protections to consumers.; Mary Ryan, Self: The SW Center for Economic Integrity opposes HB2152. Insurance add-ons increase the cost of consumer loans with very little benefit to consumers. The monthly fee effectively allows lenders to circumvent the APR rate cap.; Sam Richard, PROTECTING ARIZONA'S FAMILY COALITION: There are significant unanswered questions with this bill. Representative McCune-Davis' amendment goes a long way towards making this a bill we could support.; Stephen Jennings, AARP: Allow referral fees to high cost lenders and allowing the bundling of insurance products into high cost consumer loans eliminates these important consumer protections. AARP opposes HB2152.; ellen katz, William E. Morris Institute For Justice: This bill simply increases the costs of these loans by creating 2 new products that can be sold in conjunction with the loan and separately. The elimination of prohibition on gifts and referrals is to entice low income persons to buy these products.



# HOUSE OF REPRESENTATIVES

HB 2152

consumer lenders; referral fees; insurance

Prime Sponsor: Representative Weninger, et al., LD 17

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X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

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## OVERVIEW

HB 2152 eliminates the consumer lender prohibition on referrals. Additionally, allows the consumer lender to offer and sell Accidental Death and Dismemberment Insurance (AD&D) and Disability Income Protection (Disability) Insurance.

## PROVISIONS

1. Removes the prohibition for a consumer lender from paying a fee, commission, or bonus for referring consumer lending loan business.
2. Removes the monetary cap on prizes and goods that a consumer lender may offer.
3. Allows a consumer lender to offer AD&D Insurance and Disability Insurance in connection with a consumer lender loan.
4. Allows a consumer lender to sell AD&D Insurance and Disability Insurance if certain criteria are met.

## CURRENT LAW

Pursuant to A.R.S. 6-611, a consumer lender is prohibited from paying a fee, commission or bonus to any merchant or consumer for referring consumer lending loan business. A consumer lender may not give a consumer a prize or goods of a value of more than \$25 dollars.

A consumer lender may offer and sale Property Insurance, Life Insurance, Credit Disability Insurance, and Credit Involuntary Unemployment Insurance in connection with a loan. Additionally, any insurance purchased, except insurance on property securing a consumer lender loan, is optional and may be canceled for any reason within thirty days after mailing the receipt or binder to the consumer. If canceled within thirty days, the consumer is entitled to a full refund of any premiums paid.

PROPOSED  
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2152  
(Reference to printed bill)

- 1 Page 1, between lines 40 and 41 insert:  
2 "B. NOTWITHSTANDING ANY OTHER PROVISION OF THIS STATUTE, INSURANCE  
3 PREMIUMS SHALL BE CONSIDERED A FINANCE CHARGE FOR THE PURPOSE OF COMPLYING  
4 WITH THE MAXIMUM CHARGES PERMITTED IN SECTION 6-632."  
5 Reletter to conform  
6 Amend title to conform

DEBBIE MCCUNE DAVIS

2152MCCUNE DAVIS  
01/13/2016  
04:56 PM  
H: AE/rca

Attachment 4

|             |                                     |                   |       |
|-------------|-------------------------------------|-------------------|-------|
| Adopted     | _____                               | # of Verbals      | _____ |
| Failed      | <input checked="" type="checkbox"/> | Withdrawn         | _____ |
| Not Offered | _____                               | Analysts Initials | _____ |

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

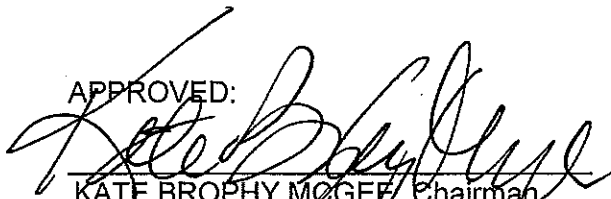
**ROLL CALL VOTE**


COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2152

DATE January 19, 2016 MOTION: DP

|                             | PASS | AYE | NAY | PRESENT | ABSENT |
|-----------------------------|------|-----|-----|---------|--------|
| Mr. Allen J                 |      | ✓   |     |         |        |
| Mr. Espinoza                |      |     | ✓   |         |        |
| Mr. Farnsworth E            |      | ✓   |     |         |        |
| Mrs. Gabaldón               |      |     | ✓   |         |        |
| Ms. McCune Davis            |      |     | ✓   |         |        |
| Mrs. Norgaard               |      | ✓   |     |         |        |
| Mr. Weninger, Vice-Chairman |      | ✓   |     |         |        |
| Mrs. Brophy McGee, Chairman |      | ✓   |     |         |        |
|                             |      | 5   | 3   |         |        |

APPROVED:

  
KATE BROPHY MCGEE, Chairman  
JEFF WENINGER, Vice-Chairman

  
COMMITTEE SECRETARY

ATTACHMENT 5

**ARIZONA STATE LEGISLATURE**  
Fifty-second Legislature - First Regular Session

**COMMITTEE ATTENDANCE RECORD**

COMMITTEE ON BANKING AND FINANCIAL SERVICES

CHAIRMAN: Kate Brophy McGee VICE-CHAIRMAN: Jeff Weninger

| DATE                        | 1/19 /16  | /16 | /16 | /16 | /16 |
|-----------------------------|-----------|-----|-----|-----|-----|
| CONVENED                    | 2:37 p.m. | m   | m   | m   | m   |
| RECESSED                    |           |     |     |     |     |
| RECONVENED                  |           |     |     |     |     |
| ADJOURNED                   | 3:54 p.m. |     |     |     |     |
| MEMBERS                     |           |     |     |     |     |
| Mr. Allen J                 | ✓         |     |     |     |     |
| Mr. Espinoza                | ✓         |     |     |     |     |
| Mr. Farnsworth E            | ✓         |     |     |     |     |
| Mrs. Gabaldón               | ✓         |     |     |     |     |
| Ms. McCune Davis            | ✓         |     |     |     |     |
| Mrs. Norgaard               | ✓         |     |     |     |     |
| Mr. Weninger, Vice-Chairman | ✓         |     |     |     |     |
| Mrs. Brophy McGee, Chairman | ✓         |     |     |     |     |

✓ Present      --- Absent      exc Excused